

SENATE COMMITTEE ON TRANSPORTATION

January 17, 2005 Hearing Room C

3:00 PM Tapes 1 - 2

MEMBERS PRESENT: Sen. Joanne Verger, Chair
Sen. Doug Whitsett, Vice-Chair
Sen. Rick Metsger
Sen. Floyd Prozanski
Sen. Bruce Starr

STAFF PRESENT: Judith Callens, Committee Administrator
Gary Roulier, Committee Assistant

MEASURES/ISSUES HEARD & WITNESSES:
INFORMATIONAL MEETING
ConnectOregon (proposed SB 71)

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 1, A		
003	Chair Verger	Calls the meeting to order at 3:04 p.m., and opens an informational meeting on ConnectOregon.
<u>CONNECTOREGON – INFORMATIONAL MEETING</u>		
014	Chair Verger	Explains the area of emphasis for the committee, which will focus on a competitive economic agenda as it pertains to a healthy infrastructure of rail, marine and airports.
031	Chris Warner	Transportation Policy Advisor and Legislative Director, Governor's Office. Presents (EXHIBIT A) and stresses the importance of a viable transportation system to the economy.
047	Chris Warner	Reviews recent investments in transportation within the state and the resultant job creation. Outlines the Governor's position on SB 71 (2005) and summarizes the provisions of the bill.
080	Chris Warner	Emphasizes that the ConnectOregon program will enhance job creation, and help the state keep pace with the growing economy.
095	Chris Warner	Continues to explain how transportation investment will assist Oregon's economy. Adds that additional investment could result in reduced shipping costs, further enhancing Oregon's economy.
114	Chris Warner	Comments that these enhancements will maximize Oregon's inherent transportation systems, i.e., ports, international airports, two interstate highways, and two class A railroads.
140	Chris Warner	Explains the possible multiplier effect, and the increased ability to attract federal dollars.
153	Chris Warner	Stresses that utilizing the state bonding authority for these strategic investments will create wealth.
161	Bruce Warner	Director, Oregon Department of Transportation (ODOT). Presents EXHIBIT B and details the provisions of SB 71 (2005)

		and ConnectOregon, a proposed \$100 million, lottery-backed bond program.
174	Bruce Warner	Outlines why investments in airports are so critical, and the role that connecting airports play in the economy.
186	Bruce Warner	Talks about the expected increase in marine shipments in the near future, and the importance of being able to ship materials both in and out of Oregon.
202	Bruce Warner	Comments on the role of public transportation in reducing congestion, and the resulting additional capacity for moving freight.
221	Bruce Warner	Continues an explanation of the provisions of SB 71, and notes that the intent is to connect the various modes of transportation, and make them work as a "system."
242	Bruce Warner	Discusses how the related departments (i.e., Aviation and Economic Development) will work with ODOT to determine which projects will bring the greatest benefit.
263	Bruce Warner	Explains how the projects will be "vetted."
282	Bruce Warner	Comments that projects could be approved as early as 2006. Summarizes the benefits of the funding through the diversification of the transportation infrastructure.
300	Chair Verger	Asks for a clarification of the total amount of the bonds for the project.
304	Bruce Warner	Responds that the total amount would be \$100 million.
313	Chair Verger	Asks if these bonds will depend in any way on the expansion of the lottery.
314	Chris Warner	Answers that they are not dependent on any kind of lottery expansion.
321	Chair Verger	Asks who will be making the final determination of which projects will go forward, and if the final decision will be with the Oregon Transportation Commission.
325	Bruce Warner	Responds that assumption is correct.
330	Sen. Whitsett	Asks what the annualized cost would be to repay the bonds.
334	Bruce Warner	Answers the amount is dependent on the term and interest rates, but estimates the cost to be \$8-10 million annually.
342	Sen. Whitsett	Asks where the lottery income will come from, and what other programs would be reduced.
353	Bruce Warner	Defers to the bond experts from the treasury department, but notes that in terms of priorities, the projected budget does not show any reductions.
373	Sen. Metsger	Asks if the \$8-9 million in additional debt service is itemized in the proposed budget.
386	Chris Warner	Responds that those dollars are part of the Governor's recommended budget.
395	Sen. Metsger	Stresses that the funding investments must connect in the "overall scheme of things," and we must ensure that the investments have "connectivity."
TAPE 2, A		
010	Bruce Warner	Agrees, and notes the important role that the different departments and stakeholder groups will have in generating input in the selection of projects. Summarizes the investments in short-line railroads.
024	Chair Verger	Comments on the importance of the development of a particular rail spur.
028	Sen. Bruce Starr	Asks about the source of the \$8 million for rail investment

		approved in the 2003 session.
035	Bruce Warner	Answers that the source was lottery-backed bonds.
039	Sen. Bruce Starr	Asks whether these were direct grants or a revolving loan program.
041	Bruce Warner	Responds that the funds were grants that, in many cases, leveraged money from the short-line railroads.
043	Sen. Starr	Asks if these funds were with the State Infrastructure Bank (SIB), and whether the ConnectOregon proposal would also be housed within this fund.
048	Bruce Warner	Responds affirmatively.
049	Sen. Prozanski	Wants clarification on what kinds of rail projects would be proposed to address the lack of side tracks in the Willamette Valley.
053	Bruce Warner	Answers that those are the kinds of projects that would be forwarded for consideration. Notes that the purpose is to both move goods and provide services.
058	Sen. Prozanski	Asks whether the proposed legislation is written to set up the process for determining projects.
071	Bruce Warner	Notes that decisions will be made in a similar manner as the Transportation Investment Program.
078	Sen. Prozanski	Asks about any breakout that would go to the subprojects noted in the written testimony (EXHIBIT B).
081	Bruce Warner	Responds that the percentage breakdowns have not been determined. Discusses the possible breakdowns with Sen. Prozanski.
098	Chair Verger	Asks about the proposed sunset in 2008, and if the projects would be completed by that date.
103	Bruce Warner	Notes that any projects not completed by the sunset date could still be completed as long as the bonds had been sold and the projects approved and contracted. Adds that the intent is to select projects that can be moved quickly.
113	Chair Verger	Asks where the funding would come from on a project which included a small highway component.
115	Bruce Warner	Answers that the monies could not be used for highway projects, and summarizes the coordination that would be necessary to complete such a project.
126	Sen. Bruce Starr	Asks for an update on the projects listed in the exhibit (EXHIBIT B), page four).
137	Bruce Warner	Notes that he cannot give a comprehensive update, but reviews the selection process for the rail projects.
156	Kelly Taylor	Administrator, Rail Division, ODOT. Adds that the projects in question are in different phases of completion.
174	Pat Egan	State Affairs Manager, Port of Portland (Port). Presents EXHIBIT C and EXHIBIT D , and provides a background on the Port and what they are doing to assist the other ports in the region.
205	Egan	Notes that the Port supports the ConnectOregon proposal.
235	Egan	Reviews a history of the Port.
252	Egan	Speaks to the economic impact of the Port on the region.
278	Egan	Comments on the importance of the Port as a national and international distribution point. Discusses funding considerations for the Port.
310	Egan	States that reinvestment is critical to the success of the Port. Notes that there is a disparity between what other major ports on

		the west coast receive in property tax revenue.
336	Egan	Summarizes the traffic at Portland International Airport and marine terminals. Stresses the heavy business on automobile imports, and adds that the same opportunities exist for containers.
365	Egan	Reviews the rail lines serving the Portland area, and summarizes port cooperation in the region.
TAPE 1, B		
010	Egan	Continues with a summary of the cooperation between ports in the region.
069	Egan	Comments on the technical assistance that the Port provides, including to the Department of Homeland Security (EXHIBIT D).
100	Egan	Summarizes policy and advocacy efforts of the Port, to include their support for ConnectOregon.
122	Ken Armstrong	Oregon Port's Group. Presents EXHIBIT E , and notes the group's focus on job creation, economic investment, and multi-modal freight investment.
148	Armstrong	Reviews the statutory powers and authorities of port districts, and gives examples of port cooperative efforts.
182	Armstrong	Summarizes the efforts of the Pacific Northwest Waterways Association.
197	Armstrong	Speaks to the importance of dredging projects.
212	Don Mann	General Manager, Port of Newport. Comments on the importance of ports working together.
237	Chair Verger	Asks why the ports are constantly going "begging" to the federal government for funding.
241	Mann	Explains that dredging needs were determined at the time the port districts were formed. Adds that the funding is based on a "cost benefit," and as the benefits decrease, the federal support for these projects decreases.
275	Mann	Notes that the small coastal ports were the first to see this decrease with the lack of timber movement.
287	Chair Verger	Asks whether diversification would also benefit the ports at the federal level.
294	Mann	Responds that it would be beneficial. Summarizes cooperative efforts on the part of the ports to enhance economic development, to include dredging and cooperative marketing.
331	Mann	Outlines the property tax base for the Port of Newport and other sources of income, to include the recreational marina and recreational vehicle parks.
356	Mann	Notes that the importance of the Port of Portland extends far beyond the local region.
380	Mann	Closes by stating his support for ConnectOregon, and notes that it is important for Oregon and is needed for Oregon ports to survive economically.
384	Chair Verger	Asks what would have the greatest positive impact for the smaller, coastal ports.
400	Mann	Responds that the key thing that would help would be the federal government loosening the strings on the Harbor Maintenance Tax Fund. Explains how the fund works, and adds that this would allow the ports to accomplish the necessary dredging.
432	Armstrong	Notes that there is no "magic bullet."

TAPE 2, B

001	Armstrong	Continues with description of the different pieces that would make a difference for the ports.
007	Sen. Starr	Asks why there are only 22 ports listed on the exhibit.
010	Armstrong	Responds that the Port of Coquille River is not listed on the exhibit (EXHIBIT C).
014	Egan	Adds that the Port of Malheur has been voted into existence, but they did not vote for the tax increment.
016	Sen. Starr	Asks about the off-shore oil platform construction projects listed under Port Cooperation in the exhibit (EXHIBIT E , page two).
023	Armstrong	Reviews the history of the marketing efforts to go after some of the pieces of off-shore oil platform construction projects.
035	Sen. Starr	Suggests a senate memorial to ask the federal government to respond to port needs as regards the Harbor Maintenance Tax Fund.
049	Chair Verger	Closes the public hearing and adjourns the meeting 4:26 p.m.

EXHIBIT SUMMARY

- A. **ConnectOregon, written testimony, Chris Warner, 3 pp**
- B. **ConnectOregon, written testimony, Bruce A. Warner, 4 pp**
- C. **ConnectOregon, PowerPoint slide presentation, Pat Egan, 8 pp**
- D. **ConnectOregon, letter, Pat Egan, 2 pp**
- E. **ConnectOregon, written testimony, Ken Armstrong, 2 pp**